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IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A DIRECT LEASE
PA'INA HAWAII, LLC, HONOLULU INTERNATIONAL AIRPORT OAHU

REQUEST:

Issuance of a direct lease to Pa'ina Hawaii, LLC. for the development, construction, operation, and maintenance of an irradiator facility for Pa'ina Hawaii, LLC, at Honolulu International Airport (HNL).

APPLICANT / LESSEE:

Pa'ina Hawaii, LLC, a Hawaii limited liability company authorized to do business in the State of Hawaii.

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended

AREA AND LOCATION: (As delineated on the attached Exhibit B)

Area Space No. 011-109, improved, unpaved, industrial use land, consisting of approximately 11,400 square feet, TMK: 1st Division, 1-1-76:10.

Area Space No. 011-110B, improved, unpaved, industrial use land, consisting of approximately 8,520 square feet, TMK: 1st Division, 1-1-76: Portion of 11.

Zoning:

State Land Use District:	Urban
City and County of Honolulu:	I-2 (Industrial)

LAND TITLE STATUS:

Section 5(a), "non-ceded" land of Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

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Pa'ina Hawaii, LLC.

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CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport Purposes.

CHARACTER OF USE:

Development, construction, operation, and maintenance of an irradiator facility. The irradiator facility will provide treatment, by irradiation using a Cobalt-60 Genesis Irradiator, of agricultural and general food products requiring air transportation and time critical processing.

TERM OF LEASE:

Thirty (30) years

LEASE COMMENCEMENT DATE:

Upon execution of the lease document

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$76,492.80 per annum, payable in monthly installments of \$6,374.40, in advance, based upon the present ground lease rental rate of \$3.84 per square foot per annum for improved, unpaved, industrial use land at Honolulu International Airport.

Second Five (5) Years (Lease Years 6 through 10): \$87,966.72 per annum, payable in monthly installments of \$7,330.56, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$76,492.80) and 115%.

Fourth Five (5) Years (Lease Years 16 through 20): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (15th year) of the lease term.

Sixth Five (5) Years (Lease Years 26 through 30): An annual rental of 115% times the annual rental for the last year of the immediately preceding five-year period (25th year) of the lease term.

REOPENING OF ANNUAL GROUND LEASE RENTAL:

For the third and fifth five (5)-year reopening lease periods, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an

independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation; provided however, that the land rental for each year shall be no less than a rental of 115% times the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Sum equal to the annual ground lease rental then in effect

MINIMUM IMPROVEMENTS REQUIREMENT:

The Lessee shall, within twelve (12) months of the commencement date of the Lease, invest the sum of not less than \$1,000,000 for upgrading and improving the leased premises and constructing its irradiator facility improvements and other accessory, fixed leasehold improvements on the leased premises. The upgraded and improved leased premises and irradiator facility improvements and other accessory, fixed leasehold improvements shall be constructed in accordance with construction plans, drawings, and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

WAIVER OF RENT:

Ground lease rents payable to the Department of Transportation shall be waived at the beginning or commencement date of the Lease for a period of 12 months or until the Lessee first physically occupies the Premises and uses the Premises for the stated primary purpose of the Lease (beneficial occupancy), whichever comes first.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Pa'ina Hawaii, LLC, desires to develop, construct, operate, and maintain an irradiator facility on the proposed leased premises.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The tenant shall be responsible for Compliance with Chapter 343, HRS, as amended.

The U.S. Nuclear Regulatory Commission completed its final environmental assessment for the proposed Pa'ina Hawaii, LLC. Irradiator. Enclosed is the final environmental assessment and associated "Finding of No Significant Impact."

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>✓</u>	NO <u> </u>
Registered business name confirmed:	YES <u>✓</u>	NO <u> </u>
Good standing confirmed:	YES <u>✓</u>	NO <u> </u>

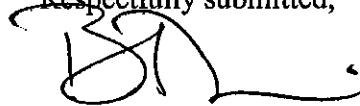
REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct lease to Pa'ina Hawaii, LLC., for the purpose of: developing, constructing, operating, and maintaining an irradiator facility and other related accessory improvements at Honolulu International Airport.

RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to Pa'ina Hawaii, LLC, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content. The final draft review was initialized on July 23, 2009 and received preliminarily approval on July 27, 2009 as to the lease form and content.

Respectfully submitted,



BRENNON T. MORIOKA, Ph.D., P.E.
Director of Transportation

APPROVED FOR SUBMITTAL:



LAURA H. THIELEN
Chairperson and Member

